



OWNER: _____

ENCUMBRANCE CHECKLIST OCTOBER 2005

The following information will be required from your lender prior to approval and completion of any request to refinance your first mortgage or for any additional encumbrance (i.e., second mortgage, equity-line-of-credit, etc.) on your City/Agency-restricted home:

FOR CITY APPROVAL, the following need to be submitted as soon as they're available:

1. Written copy of your loan application or commitment letter, whichever is immediately available, listing loan terms and conditions including loan amount and interest rate (estimated figures okay);
2. Copy of Prelim or Title Report;
3. Copy of Appraisal (may be submitted at a later date but required for approval).
4. Payoff amount of all encumbrances (listed separately); _____
5. Amount and purpose of cash out, if any: \$_____ for _____
6. Estimated escrow closing date: _____
7. Is a subordination agreement required? _____ Yes _____ No
(Obtaining signatures on a subordination agreement requires a minimum of 10 working days from City approval date)

THE FOLLOWING ARE REQUIRED PRIOR TO RELEASE OF CITY DOCUMENTS (REFERENCE ITEM 19 ON PAGE 2):

8. *Statement of Understanding* acknowledging the requirement of recordation, **concurrent with the new deed**, of the City/Agency's *Request for Copy of Notice of Default* (City/Agency will provided); and
9. *Statement of Acknowledgment* certifying that the **total encumbrances** on said BMR home will not exceed 95% of the home's BMR value; and
10. *Statement of Acknowledgment* certifying that the City's *Resale Agreement* will be no lower than second position, third if obtaining a second mortgage or equity line of credit; and

11. *Statement of Understanding* that recordation of any loan documents which results in any change to current mortgage and/or additional encumbrance(s) on this City/Agency-restricted property without the City/Agency's prior written approval is just cause for the City/Agency to execute and record a Notice of Default; and
12. *Statement of Understanding* that failure of owner, lender/broker and title company to adhere to the City/Agency's *Additional Escrow Instructions*, to be provided under separate cover, is just cause for the City/Agency to execute and record a Notice of Default; and
13. *Statement of Understanding* that processing and completing a request for refinance may take seven to fifteen working days beginning on the day all required information is provided to this office; and
14. *Statement of Understanding* that approval to refinance does not signify approval of any improvements to this City-restricted property. The owner needs to contact Lourdes Balderas, Housing Program Coordinator, to obtaining the City's written approval for any improvements to the home.
15. Provide to this office the name, complete address, telephone number, fax number, escrow number, and escrow officer of **the Santa Clara County** title/escrow company handling the transaction.
16. Holder of **New** Promissory Note (Lender): _____
17. Who will be the Trustee: _____ (if blank, title company will be used)
18. Return an executed copy of this *Encumbrance Checklist* within three (3) working days of receipt via fax to the attention of Teresa Crue at (408) 778-7869 (may be returned with Items 1 – 7);
19. **For all the required *Statements* and *Acknowledgments*, lender/broker may initial to the left of each paragraph thereby affirming acknowledgment of said requirement.**

Any questions, concerns, or clarification requests need to be directed to Teresa Crue at (408) 776-7373, ext. 449 or via e-mail at teresa.crue@morganhill.ca.gov.

Lender/Broker hereby acknowledges receipt of this Checklist and hereby agrees to proceed in strict accordance herewith.

Authorized Signature: _____ **Date:** _____

Print name and title of authorized signer: _____

Company name of lender/broker: _____